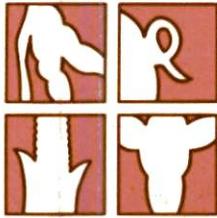




Cooperative
Extension Service
University of Illinois
at Urbana-Champaign



WEEKLY OUTLOOK

Department of Agricultural Economics
College of Agriculture
University of Illinois at Urbana-Champaign

March 23, 1988

ANTICIPATING THE GRAIN STOCKS REPORT

The USDA will release a quarterly *Grain Stocks* report on March 31. That report will contain estimates of the March 1 inventory of the major grains and soybeans. The last two stocks reports have contained some major surprises for corn, soybeans, and wheat.

The September 1987 report showed surprisingly small estimates for all three commodities. The small figure for soybeans forced a 67-million-bushel reduction in the estimated size of the 1986 crop and left use in the feed, seed, and residual category unusually large. That large figure suggests that the 1986 crop is still overestimated. The smaller-than-expected corn stocks figure in September resulted in an estimate of record large feed and residual use of corn during the 1986-87 marketing year. The smaller-than-expected wheat inventory estimate resulted in a projection of continued high levels of wheat feeding for the current marketing year.

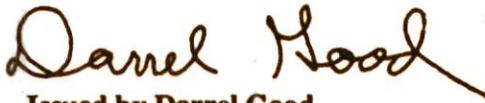
The December 1 stocks estimates were once again surprisingly low for corn and soybeans. Those low figures forced a 102-million-bushel reduction in the estimated size of the corn crop and a 55-million-bushel reduction in the estimated size of the soybean crop. In addition, the low figure implied a high rate of use in the feed and residual category for both crops during the first quarter of the marketing year. The December wheat stocks figure was larger than expected, forcing a reduction in the projection of feed and residual use of wheat during the current marketing year.

What should the March report show? During the first quarter of the marketing year, the use of corn for seed, food, and industrial purposes was 4.3 percent larger than that use a year ago. The USDA projects that use for the year will be up 2.9 percent. A 3-percent increase during the second quarter (December 1987-February 1988) would result in use of about 278 million bushels. A combination of Census Bureau estimates and weekly export inspection figures indicates that corn exports during the second quarter of the year totaled about 412 million bushels.

Corn used in the feed and residual category during the first half of the marketing year has consistently averaged 61 percent of the yearly total during the past three seasons. A continuation of that pattern would put use during the second quarter of the 1987-88 marketing year at 1.5 billion bushels if the USDA has correctly projected use for the year at 4.9 billion bushels. Total use for the quarter, then, should be near 2.19 billion bushels, leaving March 1 stocks at 7.577 billion bushels. A significant deviation from that figure would require a revision in the projection of feed and residual use of corn.

For soybeans, a combination of Census Bureau and industry estimates suggests that about 314 million bushels of soybeans were crushed during the second quarter of the marketing year. Census Bureau estimates and weekly export inspection figures indicate that exports during that period totaled 242 million bushels. The category of seed and residual use is very small, but it is difficult to forecast. Use during the first quarter was exceptionally large. Use during the first half of the marketing year has been near 70 percent of the season total for the past 3 years. Based on that calculation, use during the second quarter this year should total about 27 million bushels. Use for all purposes projects to 583 million bushels, which should leave March 1 stocks of 1.172 billion bushels. A significant deviation from that figure would require a reassessment of the 1987 production figure.

March 1 stocks of wheat should be near 1.85 billion bushels, compared with 2.25 billion last year. The sharp increase in wheat exports stemming from the export bonus program accounts for the drop in the inventory of wheat.



**Issued by Darrel Good
Extension Specialist
Prices and Outlook**

Cooperative Extension Service
United States Department of Agriculture
University of Illinois
At Urbana-Champaign
Urbana, Illinois 61801

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